



Pick Up Savings: Adjusting Hauling Services While Reducing Waste

Waste reduction yields numerous environmental and economic benefits for businesses. By preventing waste and recycling, companies use fewer raw materials, thereby conserving natural resources, minimizing energy use, and reducing pollution. Waste reduction also saves companies money—through reduced purchasing and operating costs, decreased storage costs, and increased recycling revenues. In fact, adjusting hauling services to reflect reduced volumes of waste can add up to tremendous dollar savings through decreased hauler fees, avoided disposal charges, maximized recycling revenues, and lower equipment maintenance and service costs. This publication is designed to help you evaluate your current hauling services to see your waste reduction results reflected in your company's bottom line.

Although hauling and disposal costs vary widely across the country, every ton of waste avoided can help your company save money. Waste reduction activities that directly reduce the amount of waste generated at your company, such as switching to reusable dishware, preventing office paper waste, and reusing incoming packaging for outgoing shipments, can result in lower hauling and disposal costs. (Although activities for reducing materials sent out of your company, such as lightweighting or two-sided billing, may not directly affect your waste hauling and disposal costs, they can reduce purchasing and other costs.)



**WASTE
Wi\$E**



This publication was developed by WasteWi\$e, EPA's voluntary program, which assists businesses in taking cost-effective actions to reduce solid waste through waste prevention, recycling, and buying recycled products.

Review Your Hauling Service

Whether you are fine-tuning service or completely rebidding your hauling contract, you have many opportunities to cut costs. Take a periodic look at your waste hauling services to ensure that you are getting the services you need. Get input from key staff members within your organization including your facility manager, accounts payable department, and housekeeping personnel or vendor to find out when your current contract expires and whether it is flexible enough to meet your changing needs.

Cost-Cutting Opportunities to Consider:

- Can frequency of service be reduced?
- Are you charged per pickup regardless of the amount disposed of?
- Could you save money by renting fewer (or smaller) disposal containers?
- Is there an opportunity to get a more competitive bid?
- Are there opportunities to obtain better prices for recyclables?

If you lease office space you may also be able to significantly reduce costs by negotiating with your property manager or realtor to adjust service and reduce fees to reflect your reduced waste disposal. Even if you are unable to make immediate adjustments, you can take the opportunity now to identify where you can reduce costs later when your contract is up for renewal.

Waste reduction programs can reduce hauling and disposal costs by enabling you to reduce the frequency of pickups, disposal facility charges, and the number of disposal containers needed. Revenues from increased recycling activities can also help offset disposal costs. In order to achieve these results, your company will need to take three basic steps: (1) analyze your current hauling service and costs, (2) identify areas for potential savings, and (3) revise or rebid your hauling services as needed.

Here are some suggestions for performing each of these steps, to ensure a desirable level of service.



Success Stories

Members of the Environmental Protection Agency's WasteWi\$e program have implemented a variety of techniques to reduce hauling and disposal costs, which the case studies below illustrate. Motorola added pressure gauges on its compactors to help determine a more accurate and cost-effective pickup "as needed" schedule. State Farm Mutual Automobile Insurance Company encourages its individual locations to establish 1-year pickup "as needed" contracts to afford the greatest flexibility. While each company's situation is different, both share the willingness to investigate how waste reduction activities affected their hauling needs and to work with their haulers to develop the best contractual arrangements.

Motorola: Pressure Gauges Make Hauling More Cost-Effective

Avoided hauling and disposal charges combined with increased recycling revenues have made solid waste management a profitable activity at the Motorola Oak Hill Semiconductor Product Sector facility, located in Austin, Texas. Motorola successfully reduced its disposal costs by carefully monitoring its hauling needs. The company negotiated a contract for both trash and recyclables hauling and modified its agreement to cover pickup service "as needed" (with an exception for daily pickup in the cafeteria).

Successful waste reduction activities, including packaging reuse and increased recycling efforts, encouraged the company to examine its hauling practices. Doing so enabled Motorola to save \$60,000 in avoided disposal costs and generate \$30,000 in recycling revenues in 1995. These significant savings and revenues have more than offset Oak Hill's 1995 disposal costs of approximately \$23,000. Motorola determined its potential savings from avoided hauling and disposal costs by estimating the volume of waste reduced and multiplying that amount by an estimate of its per pound total cost to send waste to a landfill. Even with continued growth since 1991, Motorola's Oak Hill facility sent *half as much waste* to the landfill in 1995 than it did in 1991.

Motorola's hauling vendor installed pressure gauges on its compactors to more accurately

determine when pickup is needed. Previously, the company estimated when a compactor was full based on resistance or the sound of the motor and then called its hauler for service. For open top containers, Motorola still visually inspects and calls for pickup when containers look full. According to Dana Hollien, Site Environmental Operations Supervisor, "We noticed from our recycling receipts for corrugated cardboard that we were only sending 4,000 pounds (half empty containers) per pickup on a regular basis. Full containers should have weighed closer to 9,000 pounds." This finding encouraged Motorola to examine how full other recycling and trash containers were prior to pickup. Placing pressure gauges on both trash and recycling compactors to monitor capacity has helped make hauling more cost effective by reducing the number of pickups and associated costs.

■ **Consider whether to bid trash and recycling services together or separately.**

While using one company for both services may be convenient, using two or more companies often optimizes recycling, and saves you more on your trash bill. If you use more than one contractor, don't forget to calculate your cost for time spent due to increased management oversight. Be aware that charging companies up-front for recycling collection services then reimbursing them for recycling revenues after materials are sold is not unusual.

■ **Send bid solicitations to a minimum of three to five companies including your current hauler.** Doing so will allow you to compare service levels and prices. You may want to consider the following:

- Where do assumptions and approaches differ and what will that mean to you?

- Does one contractor offer a lower rate because its fees are lower, or because it is estimating use of smaller receptacles or fewer pickups?

- How will the price be affected if their estimates are off?

- Who is responsible for contamination of recyclables?

- What is the charge?

Lowest price is not always best. Consider best value instead.

■ **Let potential contractors review your operations before bidding.** Offer to make an appointment to show potential contractors your facility. Consider having potential contractors conduct an audit. Allow 3 to 4 weeks for contractors to respond and set up appointments.

■ **Have an attorney review your contract before signing it.** Read the fine print. Be aware that many standard contracts offer a termination clause allowing you to terminate with 90 days notice, but they may include a liquidated damages clause (e.g., payment of 2 months in service charges). Make sure you know who owns the

recyclables. If you decide to recycle something, you may not want to be giving away those potential revenues.

Once a hauler is selected, a representative of the owner or property manager should watch the hauler perform from time to time to determine whether or not contract specifications are being followed. Also, the hauler should furnish a contact person who can make service adjustments as necessary.

This publication uses information contained in the following documents:

Business Peer Match Recycling Program.
Dumpster Diving: Cash for Trash.
Monroe County, NY.

Philadelphia Streets Department
Recycling Office. "How to Get a Competitive Bid." *Recycling: We Mean Business - A Guide to Turning Philadelphia's Commercial Recycling Regulations Into An Opportunity.*
Philadelphia, PA, 1995.



1 Analyze your disposal operations and costs

To get an overview of the specific costs associated with your current service, review your hauling records and/or talk to your hauler. It may be helpful to find out the following:

- *Are disposal facility charges broken out as a cost item on the hauler's bill? If so, is your company charged by actual weight or by volume?*
- *How much do container rentals cost? Are smaller containers significantly cheaper to rent than larger containers?*
- *How much does it cost to haul containers to the disposal facility?*
- *How much does it cost to pick up recyclables?*
- *How much are you paid for collected recyclables?*

Analyzing your waste hauling and disposal costs should help you identify how your hauler determines your company's costs. It may be helpful to develop a chart, similar to the one on the right, breaking down your waste hauling and disposal costs

ANALYZING YOUR WASTE HAULING AND DISPOSAL COSTS*

ACTIVITY	CALCULATION	ANNUAL COST
Disposal facility charges	(\$____/ton) (____ tons/yr)	
Trash container rental	(\$____/month) (12 months)	+
Transportation fee (pickup fee)	(\$____/pickup) (____pickup(s)/wk) (52 wks)	+
Recycling hauling fees (if separate from pickup fee above)	(\$____/pickup) (____pickup(s)/wk) (52 wks)	+
Recycling container/equipment rental	(\$____/wk) (52 wks)	+
TOTAL COSTS		=

* Your contractor (s) may itemize costs differently. For example, items such as recycling and trash hauling fees, or transportation and disposal facility charges, may be combined into one item.

into their various components. If you rent, work with your property manager or realtor to get the necessary data. Although your hauling bill probably itemizes costs differently than the chart above, understanding how you are charged for each item will help you better negotiate with your hauler when the amount of waste to be picked up has been reduced.

2 Identify areas for potential savings

To identify potential savings, you need to monitor your current operations. Consider assigning an employee or a team of employees to



monitor disposal containers when they are emptied. (Periodic spot checks may be sufficient.) If containers are not always full when serviced, less frequent pickups or smaller containers may be in order. Understanding the specific waste disposal costs associated with your company (see step 1) will help you determine where savings may best be achieved. If you know that pickup costs are more expensive than container rental costs, for example, you may want to ask the hauler to make fewer pickups, rather than decreasing the number of containers rented and maintaining the current pickup schedule. Some questions to ask include:

- *How many times a week are your containers picked up and how full are they when picked up?*
- *If containers are not full, how often would you estimate pickup should occur to ensure full containers?*
- *Could fewer or smaller disposal containers be used (saving rental or maintenance costs)?*
- *Would using pressure gauges on your compactors to determine capacity help to reduce the frequency of pickups?*
- *Will the hauler provide “as needed” pickup service rather than a predetermined schedule?*
- *What additional materials could you reduce or recycle?*

If your contract does not allow you to adjust the frequency of pickups (thereby saving costs when fewer pickups are needed), you may want to specify this adjustment when your contract comes up for renewal. Also consider specifying a review and renewal clause, which would allow you to make such adjustments in your contract at specified intervals.

If you need additional information on service contracts, many resources are available. An example is *Trash Collection and Recycling: A Guide to Specifying and Obtaining Services* by Property Management Association, Inc., which focuses on trash removal and recycling for property managers.

If you decide to rebid, your goal should be an effective agreement that leaves nothing to assumptions—and yet allows flexibility for your company’s changing conditions. The following seven steps will help you obtain competitive bids for hauling services.

3 Revise or rebid if necessary

After you review your situation, if you think changes are necessary, decide whether to work with your hauler to adjust the current situation or look into rebidding your contract when it expires.



- **Measure your waste accurately.** Knowing the volume or weight of the waste you generate is the key starting point for obtaining competitive bids. Measure for at least a week, and be sure to account for any seasonal variations or changes in occupancy. If seasonal variations exist, you may want to contract different levels of service for different seasons. Also, take a closer look at various solid waste components—something that may seem like garbage to you may be of value to others. Resources such as EPA's *Business Guide for Reducing Solid Waste* (EPA/530-K-92-004) contain step-by-step guidance on performing waste audits. This guide can be ordered by calling EPA's RCRA Hotline at 800 424-9346.
- **Talk to other local businesses in your industry to find out what they are paying for waste removal, and ask if they can refer you to a hauler in your area.** Check the hauler's references and determine if they have the qualifications you require. When obtaining a reference on haulers, consider the following questions:

- How accurate have the hauler's audits been?*
 - How effective have their recommendations been?*
 - Have their pickups been on time?*
 - Have they cleaned up?*
 - Do they maintain the equipment well?*
- If relevant, you may want to ask:
- Have they provided assistance with respect to getting recycling programs up and running?*

It can also be helpful to review business journal articles and trade publications about secondary materials for information on rates for recyclables and waste removal fees.

- **Write a concise bid solicitation including:**

- A brief facility description including drawings of the locations of containers.

- Volume of each type of material you generate each week or month.
- Time frame in which you expect these volumes to be collected (e.g., before 8 a.m., 3 days a week).
- Equipment you have or need (e.g., baler, compactor, storage bins).
- Length of the contract and cancellation provisions.
- Any particular requirements you have of the contractor (e.g., insurance information, waste license numbers, references, a requirement of verification from the hauler on actual weights and volumes, and other reports you require of the contractor).
- Request for available recycling and waste reduction services offered by the hauler.

Friendly Advice When Rebidding Your Hauling Contract:

- Require a cap on yearly increases during the contract term.
- Ensure the ability to change the type and size of disposal containers, the number of pickups, and the time of pickups without penalty.
- Don't get tied into a contract with automatic renewal. Make sure you have the option to renew with similar terms.

State Farm: Enhanced Flexibility Brings Lower Disposal Costs

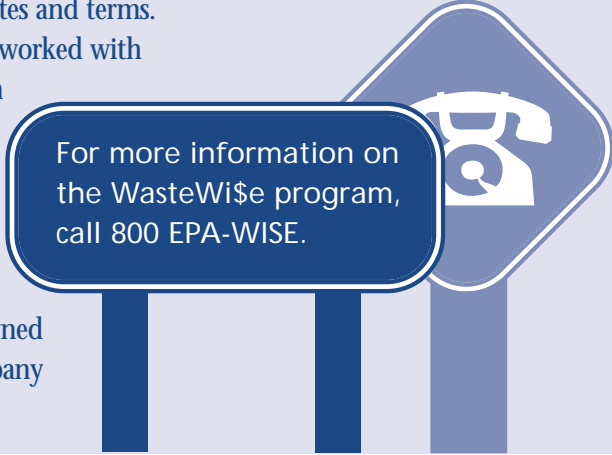
State Farm Mutual Automobile Insurance Company, headquartered in Bloomington, Illinois, has cut disposal costs by 50 percent since 1990 as a result of aggressive waste reduction activities and associated adjustments in disposal services. Over the same period of time, the number of employees at participating State Farm facilities has increased by more than 20 percent.

State Farm offices use permanent dishware, flatware, and mugs in cafeterias and reuse shipping materials, corrugated containers, pallets, binders, and other office products. By viewing reports on line, State Farm's Systems Division eliminated millions of pages of paper. In addition, State Farm

recycled more than 6,900 tons of material in 1995, resulting in a recycling rate of 50 percent.

Less waste translates into reduced disposal costs for State Farm because designated employees at each of its facilities periodically monitor their level of service. State Farm offices are encouraged to negotiate 1-year contracts with local haulers to provide more frequent opportunities for renegotiation of rates and terms. Some offices have worked with haulers to establish pickup "as needed" when containers are full instead of routine pickup schedules. For State Farm-owned facilities, the company

contracts directly for hauling services. For leased facilities, solid waste costs usually are included in their lease agreement. Either way, State Farm has been able to save money. Corporate Safety and Environmental Health Specialist Dean Shoemaker notes, "After accounting for landfill avoidance costs and revenues from recycling, we come out ahead of the game."



For more information on the WasteWi\$e program, call 800 EPA-WISE.



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